



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

इ-मेल email: helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 22660358

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RBI partially modifies/clarifies Prudential Guidelines on Revitalising Stressed Assets in the Economy

On a review and based on feedback received from stakeholders, the Reserve Bank of India has partly modified and also clarified, some aspects of its Prudential Guidelines for Revitalising Stressed Assets in the Economy. The [revised guidelines](#) will be applicable prospectively.

The salient features of the Review are as follows:

a. SDR:

- i. Reduction in the minimum percentage of shareholding to be initially divested by the lenders;
- ii. Lenders to build up adequate provisions for possible loss in value of the equity acquired in lieu of debt and residual loan exposures;

b. Framework to Revitalise the Distressed Assets in the Economy

- i. Reduction in the percentage of lenders, by number, required to approve the Corrective Action Plan;
- ii. Revised composition of the JLF-EG for enhancing the quality of decision making;
- iii. A scheme of incentives for adherence to timelines for decision-making by JLF members to facilitate timely implementation of the Corrective Action Plan;

c. Restructuring of Advances

- i. Permitting restructuring and benefits of asset classification in cases of borrower accounts, which were involved in fraud, where the promoters have been subsequently replaced by new promoters and the borrower is totally delinked from the erstwhile promoters;
- ii. Clarifying that Flexible Structuring of Project Loans is also permitted for ECBs;

It may be recalled that the Reserve Bank had issued various guidelines aimed at revitalising the stressed assets in the economy. These include: Strategic Debt Restructuring (SDR) Mechanism, Framework to Revitalise the Distressed Assets in the Economy, Revisions to the Guidelines on Restructuring of Advances by Banks, Flexible structuring of Long Term Project Loans and amendments to guidelines on Sale of Financial Assets to Securitisation Companies (SC)/Reconstruction Companies (RC).

Alpana Killawala
Principal Adviser

Press Release : 2015-2016/2016

Related Notifications	
September 24, 2015	<u>Prudential Norms on Change in Ownership of Borrowing Entities (Outside Strategic Debt Restructuring Scheme)</u>
June 8, 2015	<u>Strategic Debt Restructuring Scheme</u>
October 21, 2014	<u>Framework for Revitalising Distressed Assets in the Economy – Review of the Guidelines on Joint Lenders’ Forum (JLF) and Corrective Action Plan (CAP)</u>
July 15, 2014	<u>Flexible Structuring of Long Term Project Loans to Infrastructure and Core Industries</u>
February 26, 2014	<u>Framework for Revitalising Distressed Assets in the Economy – Guidelines on Joint Lenders’ Forum (JLF) and Corrective Action Plan (CAP)</u>